

Michael O. Leavitt Governor Robert L. Morgan Executive Director Lowell P. Braxton Division Director

1594 West North Temple, Suite 1210 PO Box 145801 Salt Lake City, Utah 84114-5801 (801) 538-5340 telephone (801) 359-3940 fax (801) 538-7223 TTY www.nr.utah.gov

February 4, 2003

Michael A. Schott Geokinetics, Inc. One Riverway, Suite 2100 Houston, Texas 77056

Re: <u>Authorization to Reduce Reclamation Surety, Geokinetics, Inc, Seep Ridge Project,</u> M/047/002. Uintah County, Utah

Dear Mr. Schott:

Thank you for providing the requested information regarding the five-year review status of your Seep Ridge Project Mine, located in Uintah County, Utah. The last reclamation surety cost estimate for this mine was calculated at \$21,700 in 1996 dollars. Upon review of the information furnished by Geokinetics, Inc. and a site visit to verify the site conditions, the Division finds that the bond as calculated in 1996 can be reduced to eliminate several of the reclamation activities listed at that time. This is based upon Paul Baker's November 14, 2002 inspection of the site. Much of the site had been reclaimed at the time of the 1996 Reclamation Estimate, but had not been seeded. The reseeding work still remains to be completed. The revised reclamation surety estimate covers costs for ripping and seeding of the site.

The revised surety estimate for the Seep Ridge Project escalated to the year 2007 is \$13,500. Ap\$8,200 surety reduction is authorized by the Division. A new reclamation cost estimate reflecting these changes is attached for your use. You may notify your bank to modify or amend the existing Certificate of Deposit to reflect the new amount, or you may choose to post another form of surety. Please contact Joelle Burns at (801) 538-5291 to obtain the current bonding forms, or you may access the current forms on our Division website at: www.nr.utah.gov.

If you post another form of surety, we will require a new Reclamation Contract (Form MR-RC), which is also located on the web. If you decide to replace the form of surety, <u>please fax a "draft" copy of the documents so we can review them for completeness and accuracy, before they are finalized.</u>



Page 2 Michael Schott M/047/002 February 4, 2003

Please notify Wayne Hedberg at (801) 538-5286, or Doug Jensen at (801) 538-5382 of your intentions regarding the reduced surety, or if you have any questions concerning this letter. Thank you for your reclamation efforts.

Sincerely,

Lowell P. Braxton

Director

ih

Attachment: Surety estimate update cc: John Blake SITLA (ML 45256)

Doug Jensen, DOGM

O:\M047-Uintah\M047002-SeepRidge\final\bondreduce.doc

Reclamation Estimate - Reclamation Remaining

Geokinetics, Inc.

Seep Ridge Project

DOGM File # M/047/002

Prepared by Utah State Division of Oil, Gas & Mining

Last Revision 7/16/96 Filename M/047/002 xls

- -This estimate lists features which remain to be reclaimed at Seep Ridge site as of inspection on 11/14/02
- -Dimensions shown were estimated by the Division using an aerial photo dated 8/5/83

Tank farm #2		ed acreage (not yet seeded) =			13.27 Acres				
Sanitary landfill 50 500 0.57 0.00 0.00 143,48 143,48 2 Road to sanitary landfill 20 60 0.03 0.00 15.15 6.89 6.89 Trailer camp spot 100 100 0.23 0.00 0.00 57.39 57.39 1 Trailer camp spot 100 100 0.23 0.00 0.00 57.39 57.39 1 Road thru trailer camp 20 1500 0.69 0.00 378.79 172.18 172.18 7 Road to trailer camp 20 1100 0.51 0.00 277.78 126.26 126.26 5 Slab area near pipeline 100 100 0.23 0.00 0.00 57.39 57.39 1 Tank area #1 250 200 1.15 0.00 0.00 286.96 286.96 5 Shop area 400 300 2.75 0.00 0.00 688.71 688.71 13 Road - pipeline to shop 20 800 0.37 0.00 202.02 91.83 91.83 3 Road - shop to office 20 600 0.28 0.00 151.52 68.87 68.87 2 Office 250 250 1.43 0.00 0.00 358.70 358.70 7 Generator pad near office 60 60 0.08 37.19 0.00 20.66 20.66 Secondary road to well 20 300 0.14 0.00 75.76 34.44 34.44 14 Assorted roads thru site 20 2600 1.19 0.00 656.57 298.44 298.44 12 Shale pile 100 100 0.23 103.31 0.00 57.39 57.39 20 Water well #1 20 20 0.01 0.00 0.00 2.30 2.30 Water well #2 20 0.01 0.00 0.00 2.30 2.30 Trainsfer water wells 2 well 20 20 0.01 0.00 0.00 358.70 358.70 36.10 Add 10% Contingency \$1.00 Add 10% Contingency \$1.00 Add 10% Contingency \$1.00 Add 5 years escalation at 2.82% \$1.7	Feature	length		•	regrade	rip	disc	seed	Total \$
Road to sanitary landfill 20 60 0.03 0.00 15.15 6.89 6.89 6.89 Trailer camp spot 100 100 0.23 0.00 0.00 57.39 57.39 17.21 17.21 18 17.21 17.21 18 17.21 18 17.21 17.21 18 17.21 17.21 17.21 18 17.21 17.21 18 17.21 17.21 17.21 18 17.21 17.21 17.21 18 17.21 18 17.21 17.21 18 17.21 17.21 17.21 18 17.21 17.21 18 17.21 17.21 18 17.21 17.21 17.21 18 17.21 17.21 18 17.21 17.21 17.21 18 17.21 17.21 18 17.21 17.21 18 17.21 17.21 18 17.21 18 17.21 17.21 17.21 18 17.21 17.21 18 17.21				3.10	0.00	0.00	774.79	774.79	155
Trailer camp spot 100 100 0.23 0.00 0.00 57.39 57.39 17.31 17.31 19.00 100 100 0.23 0.00 0.00 57.39 57.39 17.31 17.31 19.00 100 100 0.23 0.00 0.00 57.39 57.39 17.31 17.	_		500	0.57	0.00	0.00	143.48	143.48	28
Trailer camp spot 100 100 0.23 0.00 0.00 57.39 57.39 17.39 Road thru trailer camp 20 1500 0.69 0.00 378.79 172.18 172.18 77.39 80.00 to trailer camp 20 1100 0.51 0.00 277.78 126.26 126.26 5.30 80.00 0.00 0.00 57.39 57.39 17.39 17.30 17.30 80.00 0.00 0.00 57.39 57.39 17.30 17.30 80.00 0.00 0.00 57.39 57.39 17.30 17.30 80.00 0.00 0.00 286.96 286	•	20	60	0.03	0.00	15.15	6.89	6.89	2
Road thru trailer camp 20 1500 0.69 0.00 378.79 172.18 172.18 7 Road to trailer camp 20 1100 0.51 0.00 277.78 126.26 126.26 5 Slab area near pipeline 100 100 0.23 0.00 0.00 57.39 57.39 173.18 172.18 173.18 7 Road to trailer camp 20 1100 0.51 0.00 277.78 126.26 126.26 5 Slab area near pipeline 100 100 0.23 0.00 0.00 57.39 57.39 173.18 17	, ,		100	0.23	0.00	0.00	57.39	57.39	118
Road to trailer camp 20 1100 0.51 0.00 277.78 126.26 126.26 58 Slab area near pipeline 100 100 0.23 0.00 0.00 57.39 57.39 17 Tank area #1 250 200 1.15 0.00 0.00 286.96 286.96 58 Shop area 400 300 2.75 0.00 0.00 688.71 688.71 13 Road - pipeline to shop 20 800 0.37 0.00 202.02 91.83 91.83 38 Road - shop to office 20 600 0.28 0.00 151.52 68.87 68.87 20 Office 250 250 1.43 0.00 0.00 358.70 358.70 70 Generator pad near office 60 60 0.08 37.19 0.00 20.66 20.66 Secondary road to well 20 300 0.14 0.00 75.76 34.44 34.44 14 Assorted roads thru site 20 2600 1.19 0.00 656.57 298.44 298.44 12 Shale pile 100 100 0.23 103.31 0.00 57.39 57.39 20 Water well #1 20 20 0.01 0.00 0.00 2.30 2.30 Water well #2 20 20 0.01 0.00 0.00 2.30 2.30 Water well #2 20 20 0.01 0.00 0.00 2.30 2.30 Mobilization 1 equip. 1000 \$1.00 Sub-total \$10,7 Add 10% Contingency \$1,0 Add 10% Contingency \$1,0 Add 5 years escalation at 2.82% \$1,7		100	100	0.23	0.00	0.00	57.39	57.39	11
Slab area near pipeline 100 100 0.23 0.00 0.00 57.39 57.39 17.39 Tank area #1 250 200 1.15 0.00 0.00 286.96 286.96 5 Shop area 400 300 2.75 0.00 0.00 688.71 688.71 13 Road - pipeline to shop 20 800 0.37 0.00 202.02 91.83 91.83 3 Road - shop to office 20 600 0.28 0.00 151.52 68.87 68.87 2 Office 250 250 1.43 0.00 0.00 358.70 358.70 7 Generator pad near office 60 60 0.08 37.19 0.00 20.66 20.66 Secondary road to well 20 300 0.14 0.00 75.76 34.44 34.44 14 Assorted roads thru site 20 2600 1.19 0.00 656.57 298.44 298.44 12 Shale pile 100 100 0.23 103.31 0.00	•	20	1500	0.69	0.00	378.79	172.18	172.18	72
Tank area #1 250 200 1.15 0.00 0.00 286.96 286.96 58 58 58 58 58 58 58 58 58 58 58 58 58		20	1100	0.51	0.00	277.78	126.26	126.26	530
Shop area 400 300 2.75 0.00 0.00 688.71 688.71 13 Road - pipeline to shop 20 800 0.37 0.00 202.02 91.83 91.83 3 Road - shop to office 20 600 0.28 0.00 151.52 68.87 68.87 2 Office 250 250 1.43 0.00 0.00 358.70 358.70 7 Generator pad near office 60 60 0.08 37.19 0.00 20.66 20.66 Secondary road to well 20 300 0.14 0.00 75.76 34.44 34.44 1 Assorted roads thru site 20 2600 1.19 0.00 656.57 298.44 298.44 12 Shale pile 100 100 0.23 103.31 0.00 57.39 57.39 2 Water well #1 20 20 0.01 0.00 0.00 2.30 2.30 Water well #2 20 20 0.01 0.00 0.00 2.30 2.30 Water well #2 20 20 20 0.01 0.00 0.00 2.30 2.30 Transfer water wells 2 well 200 \$4 Sub-total \$8,5 Sub-total \$1.07 Add 10% Contingency \$1.07 Add 10% Contingency \$1.07 Add 10% Contingency \$1.07 Add 5 years escalation at 2.82% \$1.7	Slab area near pipeline	100	100	0.23	0.00	0.00	57.39	57.39	11:
Road - pipeline to shop 20 800 0.37 0.00 202.02 91.83 91.83 3 Road - shop to office 20 600 0.28 0.00 151.52 68.87 68.87 2 Office 250 250 1.43 0.00 0.00 358.70 358.70 7 Generator pad near office 60 60 0.08 37.19 0.00 20.66 20.66 Secondary road to well 20 300 0.14 0.00 75.76 34.44 34.44 1 Assorted roads thru site 20 2600 1.19 0.00 656.57 298.44 298.44 12 Shale pile 100 100 0.23 103.31 0.00 57.39 57.39 2 Water well #1 20 20 0.01 0.00 0.00 2.30 2.30 Water well #2 20 20 0.01 0.00 0.00 2.30 2.30 Water well #2 20 20 0.01 0.00 0.00 \$3.00 \$3.00 Transfer water wells 2 well 200 \$4 Supervision 2 days 400 \$8 Mobilization 1 equip. 1000 \$1.07 Add 10% Contingency \$1.07 Add 10% Contingency \$1.07 Add 5 years escalation at 2.82% \$1.7	Tank area #1	250	200	1.15	0.00	0.00	286.96	286.96	574
Road - shop to office 20 600 0.28 0.00 151.52 68.87 68.87 20 250 250 1.43 0.00 0.00 358.70 358.70 70 70 70 70 70 70 70	•	400	300	2.75	0.00	0.00	688.71	688.71	137
Office 250 250 1.43 0.00 0.00 358.70 358.70 7 Generator pad near office 60 60 0.08 37.19 0.00 20.66 20.66 Secondary road to well 20 300 0.14 0.00 75.76 34.44 34.44 1 Assorted roads thru site 20 2600 1.19 0.00 656.57 298.44 298.44 12 Shale pile 100 100 0.23 103.31 0.00 57.39 57.39 2 Water well #1 20 20 0.01 0.00 0.00 2.30 2.30 Water well #2 20 20 0.01 0.00 0.00 2.30 2.30 Water well #2 20 20 0.01 0.00 0.00 \$4 Supervision 2 days 400 \$8 Supervision 1 equip. 1000 \$1.0 Sub-total \$10.7 Add 10% Contingency \$1.0 Add 10% Contingency \$1.0 2003 Sub-total \$11.7 Add 5 years escalation at 2.82% \$1.7	Road - pipeline to shop	20	800	0.37	0.00	202.02	91.83	91.83	386
Generator pad near office 60 60 0.08 37.19 0.00 20.66 20.66 Secondary road to well 20 300 0.14 0.00 75.76 34.44 34.44 1 Assorted roads thru site 20 2600 1.19 0.00 656.57 298.44 298.44 12 Shale pile 100 100 0.23 103.31 0.00 57.39 57.39 2 Water well #1 20 20 0.01 0.00 0.00 2.30 2.30 Water well #2 20 20 0.01 0.00 0.00 2.30 2.30 Water well #2 20 20 0.01 0.00 0.00 2.30 2.30 Sub-total \$8,5 Supervision 2 days 400 \$8 Supervision 2 days 400 \$8 Sub-total \$10,7 Add 10% Contingency \$1,0 Add 10% Contingency \$1,0 Add 5 years escalation at 2.82% \$1,7	Road - shop to office	20	600	0.28	0.00	151.52	68.87	68.87	289
Secondary road to well 20 300 0.14 0.00 75.76 34.44 34.44 14 15 15 15 15 15 15	Office	250	250	1.43	0.00	0.00	358.70	358.70	717
Assorted roads thru site 20 2600 1.19 0.00 656.57 298.44 298.44 12 Shale pile 100 100 0.23 103.31 0.00 57.39 57.39 2 Water well #1 20 20 0.01 0.00 0.00 2.30 2.30 Water well #2 20 20 0.01 0.00 0.00 2.30 2.30 Transfer water wells 2 well 200 \$4 Supervision 2 days 400 \$8 Mobilization 1 equip. 1000 \$10.07 Add 10% Contingency \$1,07 Add 5 years escalation at 2.82% \$1,7	Generator pad near office	60	60	0.08	37.19	0.00	20.66	20.66	79
Shale pile 100 100 0.23 103.31 0.00 57.39 57.39 2 Water well #1 20 20 0.01 0.00 0.00 2.30 2.30 Water well #2 20 20 0.01 0.00 0.00 2.30 2.30 Sub-total \$8,5 Transfer water wells 2 well 200 \$4 Supervision 2 days 400 \$8 Mobilization 1 equip. 1000 \$1.0 Add 10% Contingency \$1,0 Add 5 years escalation at 2.82% \$1,7	Secondary road to well	20	300	0.14	0.00	75.76	34.44	34.44	14
Water well #1 20 20 0.01 0.00 0.00 2.30 2.30 Water well #2 20 20 0.01 0.00 0.00 2.30 2.30 Sub-total \$8,5 Transfer water wells 2 well 200 \$4 Supervision 2 days 400 \$8 Mobilization 1 equip. 1000 \$1,0 Sub-total \$10,7 Add 10% Contingency \$1,0 Add 5 years escalation at 2.82% \$1,7	Assorted roads thru site	20	2600	1.19	0.00	656.57	298.44	298.44	1253
Water well #2 20 20 0.01 0.00 0.00 2.30 2.30 Sub-total \$8,5 Transfer water wells 2 well 200 \$4 Supervision 2 days 400 \$8 Mobilization 1 equip. 1000 \$1,0 Sub-total \$10,7 Add 10% Contingency \$1,0 Add 5 years escalation at 2.82% \$1,7	Shale pile	100	100	0.23	103.31	0.00	57.39	57.39	218
Sub-total \$8,5	Water well #1	20	20	0.01	0.00	0.00	2.30	2.30	
Transfer water wells 2 well 200 \$4 Supervision 2 days 400 \$8 Mobilization 1 equip. 1000 \$1.0 Sub-total \$10,7 Add 10% Contingency \$1,7 Add 5 years escalation at 2.82% \$1,7	Water well #2	20	20	0.01	0.00	0.00	2.30	2.30	
Supervision 2 days 400 \$8 Mobilization 1 equip. 1000 \$1,0 Sub-total \$10,7 Add 10% Contingency \$1,0 2003 Sub-total \$11,7 Add 5 years escalation at 2.82% \$1,7						Sub-total			\$8,51 ⁻
Mobilization 1 equip. 1000 \$1.0 Sub-total \$10,7 Add 10% Contingency \$1,7 2003 Sub-total \$11,7 Add 5 years escalation at 2.82% \$1,7	Transfer water wells				well		200		\$400
Sub-total \$10,7 Add 10% Contingency \$1,0 2003 Sub-total \$11,7 Add 5 years escalation at 2.82% \$1,7	•		2		days		400		\$800
Add 10% Contingency \$1,0 2003 Sub-total \$11,7 Add 5 years escalation at 2.82% \$1,7	Mobilization		1		equip.		1000		\$1,000
2003 Sub-total \$11,7 Add 5 years escalation at 2.82% \$1,7							Sub-to	otal	\$10,71
Add 5 years escalation at 2.82% \$1,7					A	dd 10% C	ontingency		\$1,07 ²
·						2	003 Sub-te	otal	\$11,782
•					Add	5 years esc	alation at	2.82%	\$1,758
						•			\$13,540